

PROCEDURAL HISTORY

On August 4, 1997, the Commission issued a procedural order opening an investigation and evaluation of Verizon's of TELRIC studies and models used for the pricing of unbundled network elements (UNEs). Prefiled testimony was offered by Verizon and AT&T.

On October 16, 1997, the Hearing Examiner issued a procedural order attached to which were written materials discussing investment estimates for digital switching using data provided by the Rural Utility Service (RUS), as well as a disk containing data from the Regional Bell Operating Companies (RBOCs). These materials were provided by the Commission's consultant, David Gabel,

On December 2, 1997, and December 15, 1997, two technical conferences were held at which, among other things, David Gabel answered questions from the parties regarding the RUS data. On December 23, 1997, the Hearing Examiner issued a Procedural Order denying Verizon's motion to exclude any evidence presented by David Gabel while he acted as the Commission's consultant.

Hearings were held January 20-23, 1998, on the so-called "input" and non-model platform issues relating to the cost studies. A second round of hearings dealing with cost model issues was expected to be held in April, 1998.

On February 12, 1998, a procedural order was issued noting that the FCC was planning to release its universal service model platform in mid-March of 1998. The Commission believed that the FCC's model might provide some additional guidance on cost model issues and thus decided to delay the second

round of hearings until after the FCC released its model. Ultimately, however, the FCC did not release its model platform until October 1998 and the final model inputs until January 2000. During the interim period, this proceeding was suspended.

On June 15, 2000, a procedural order was issued stating that the Commission wanted to move this matter forward. The order outlined preliminary issues that needed to be addressed before UNEs could be developed. These issues included determining whom the parties to the renewed proceeding should be and whether and to what extent the Commission could rely upon information, data and testimony submitted earlier.

A case conference were held on July 11, 2000. It was determined that a technical conference was necessary to determine the impact of court decisions on the FCC's TELRIC standard and if use of the FCC's universal service model in this proceeding would be useful. At the conference, both Verizon and AT&T recommended that the Commission complete this case based on the existing record, without any revisions related to the various court decisions. Thus, the Commission decided to establish UNE prices based on the existing record, updated where necessary, and supplemented with testimony on UNE costs that were not covered in previously-filed testimony.

Hearings on the cost model issues were held on December 7, 2000, and January 23, 2001. On February 15, 2001, a case conference was held and a revised schedule for the filing of briefs was outlined. Initial briefs were filed on May 4, 2001. Reply briefs were filed on May 25, 2001.

ATTACHMENT A

On January 7, 2002, a procedural order was issued which disclosed *ex parte* conversations relating to Verizon's inability to complete a compliance filing in less than six months because of an inability of current employees to find and replicate the cost studies filed in this proceeding.